

SKAGIT COUNTY DIKE DISTRICT NO. 1
Skagit County, Washington
January 1, 1990 Through December 31, 1992

Schedule Of Federal Findings

1. All Costs Reimbursed By Federal Grants Must Be Adequately Supported

The district received reimbursement for flood repair project costs which are not supported by district records. In 1990, the district experienced severe flooding and significant damage to a portion of the diking system. In 1991, the Department of Community Development (DCD) with state funds and through the Federal Emergency Disaster Assistance Program (FEMA) reimbursed the district for repair costs resulting from the flood based on claimed costs of \$84,881. The district's records only support expenditures of \$79,272 for this project.

U.S. Office of Management and Budget (OMB) Circular A-87 *Cost Principles for State and Local Governments* states that allowable costs:

Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of government of which the grantee is a part.

In addition, RCW 43.09.200 states in part:

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, and other persons.

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction. . . .

The work on this project was performed by the Army Corps of Engineers. The district paid the Army Corps of Engineers an amount equal to the estimated project cost prior to work beginning on the project. After the project was completed, the Corps of Engineers refunded to the district the difference between the original estimate and the final cost. Subsequently, the Corps of Engineers revised the cost to the district. It is possible that the district prepared the Statement of Documentation for reimbursement based on the original Army Corps of Engineers cost rather than on the final revision.

As a result of inadequate support for the costs claimed, the district is unable to prove the validity of all the claimed costs as required. The district may also be required to repay the federal and state shares of the unsupported costs, of \$4,207 and \$701, respectively.

We recommend that the district work with FEMA and DCD to resolve unsupported costs of \$5,609 and the associated reimbursements from the FEMA Disaster Assistance program of \$4,207 and DCD of \$701. We further recommend that documentation be retained to support all costs claimed on future grant awards.